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Dalex

Dalex
Co.
Limited

1968 annual report

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Board of Directors D'ARCY F. McCONVEY, *Chairman*
E. JAMES ANDERSON
ROBERT A. DAVIES, Q.C.
ROBERT C. DOLPHIN
ROBBERT HARTOG
KENNETH D. MOONEY
J. DOUGLAS MOSSOP
ROBERT D. TELFER

Officers D'ARCY F. McCONVEY, *President*
ROBERT C. DOLPHIN, *Vice-President*
JAN HAMMER, *Secretary Treasurer*

Transfer Agent THE CANADA TRUST COMPANY
Toronto, Ontario

Bankers CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

Legal Counsel DAVIES, WARD & BECK
Toronto, Ontario

Auditors CLARKSON, GORDON & CO.
Toronto, Ontario

Offices 33 TORBARRIE ROAD
Downsview, Ontario

To the Shareholders

Report to the Shareholders of
Dalex Co. Limited :

Although your Company's sales were approximately 21% and pre-tax profits almost 17% ahead, net profit was marginally lower than the preceding year.

Net after-tax profit for the year was \$106,056 compared to \$109,641 in the previous year.

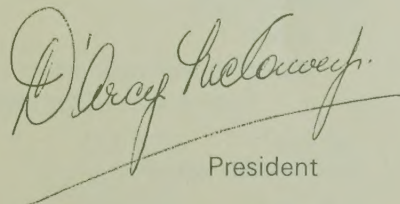
The surplus account increased by \$84,920 after payment of dividends of \$17,496 on preference and \$3,640 on common shares.

During a similar fiscal period, National-Dalex Ltd. in which we hold a 50% interest earned an indicated net profit of \$33,876 which is not included in the above results.

Prospects of exceeding last year's results are considered good, even though the present year started slower than usual.

We would like to thank our shareholders, staff and customers for their continued support.

February 18, 1969


President

Dalex Co. Limited *and its subsidiary companies*

Consolidated balance sheet

for the year ended September 30, 1968 (with comparative figures at September 30, 1967)

ASSETS		1968	1967
Current:			
Cash		\$ 183	\$ 19,879
Accounts receivable:			
Trade	1,082,166		
Other	15,619		
	<u>1,097,785</u>		
Less allowance for doubtful accounts	115,000	982,785	671,681
Inventories, valued at the lower of cost and net realizable value:			
Equipment, motors and boats	295,162		
Parts and accessories	232,277		
Raw materials and supplies	194,030		
Work in process	<u>8,668</u>	730,137	496,886
Prepaid expense		<u>24,013</u>	<u>24,678</u>
Total current assets		1,737,118	1,213,124
Investment in and advances to National-Dalex Ltd. (50% owned)— at cost:			
Shares (note 2)		500	500
Advances			9,000
Fixed—at cost:			
Land		86,488	45,730
Building and equipment	405,698		
Less accumulated depreciation	<u>189,525</u>	216,173	206,120
Trademarks—at cost		<u>525</u>	<u>400</u>
		<u><u>\$2,040,804</u></u>	<u><u>\$1,474,874</u></u>

(See accompanying notes)

LIABILITIES

1968

1967

Current:

Due to bank (note 3)		\$ 472,775	\$ 271,000
Accounts payable and accrued charges		420,507	270,601
Current portion of mortgage payable		8,139	7,682
8¼% mortgage principal payable in \$1,000 monthly instalments, due February 21, 1969		5,000	
Income taxes payable		79,279	49,197
Amounts due to finance company arising from guarantee of finance contract (note 1a)		101,465	
Total current liabilities		<u>1,087,165</u>	<u>598,480</u>

7% mortgage payable in monthly instalments of \$1,340 principal and interest	129,939		
Less portion shown as current liability	<u>8,139</u>	121,800	129,200

Shareholders' equity:

Capital—

Authorized less purchased for cancellation:

4,400 7% cumulative redeemable preference shares with
a par value of \$100 each redeemable at \$105

60,000 common shares without par value

Issued:

2,498 preference shares (note 6)	249,800		250,100
36,400 common shares	<u>10,407</u>		<u>10,407</u>

260,207

Contributed surplus	7,751		7,726
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Earned surplus	<u>563,881</u>	<u>831,839</u>	<u>478,961</u>
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\$2,040,804 \$1,474,874

On behalf of the Board:

(Signed) D'Arcy F. McConvey, Director

(Signed) Robert D. Telfer, Director

Dalex Co. Limited *and its subsidiary companies*

Statements of consolidated earned surplus and contributed surplus

for the year ended September 30, 1968 (with comparative figures for the year ended September 30, 1967)

EARNED SURPLUS	1968	1967
Balance at beginning of year	\$ 478,961	\$ 386,827
Add net profit for the year	106,056	109,641
	<u>585,017</u>	<u>496,468</u>
Less:		
Dividends paid—		
Preference shares	17,496	17,507
Common Shares	3,640	
	<u>21,136</u>	<u>17,507</u>
Balance at end of year	<u>\$ 563,881</u>	<u>\$ 478,961</u>
CONTRIBUTED SURPLUS		
Balance at beginning of year	\$ 7,726	\$ 7,726
Add discount on the purchase of preference shares for cancellation	25	
Balance at end of year	<u>\$ 7,751</u>	<u>\$ 7,726</u>

(See accompanying notes)

Dalex Co. Limited *and its subsidiary companies*

Statement of consolidated profit and loss

for the year ended September 30, 1968 (with comparative figures for the year ended September 30, 1967)

	1968	1967
Sales	\$7,241,580	\$5,984,031
Cost of sales	5,983,595	4,870,820
Gross profit	<u>1,257,985</u>	<u>1,113,211</u>
Selling and warehousing expenses	619,820	558,111
Administrative expenses	310,263	271,668
Salaries and fees paid to senior officers and directors	114,071	100,332
	<u>1,044,154</u>	<u>930,111</u>
Profit before income taxes	213,831	183,100
Income taxes	107,775	73,459
Net profit for the year	<u>\$ 106,056</u>	<u>\$ 109,641</u>

The above statement of consolidated profit and loss includes depreciation of \$41,692 in 1968 and \$33,099 in 1967.

(See accompanying notes)

Dalex Co. Limited *and its subsidiary companies*

Statement of consolidated source and application of funds

for the year ended September 30, 1968 (with comparative figures for the year ended September 30, 1967)

	1968	1967
Funds derived from operations:		
Net profit	\$ 106,056	\$ 109,641
Add depreciation which did not require a cash outlay during the year	41,692	33,099
	<u>147,748</u>	<u>142,740</u>
Reduction in advances to associated company	9,000	14,000
	<u>156,748</u>	<u>156,740</u>
Funds applied to:		
Purchase of land	40,758	
Purchase of fixed assets (net) (including \$10,493 arising on the acquisition of Trailex Manufacturing (Canada) Limited during the year)	51,745	18,792
Pay dividends on preference and common shares	21,136	17,507
Purchase preference shares for cancellation	275	
Reduce principal of mortgage payable	7,400	6,903
Acquire trademarks	125	
	<u>121,439</u>	<u>43,202</u>
Increase in consolidated working capital.	<u>\$ 35,309</u>	<u>\$ 113,538</u>

(See accompanying notes)

Auditors' Report

To the Shareholders of
Dalex Co. Limited :

We have examined the consolidated balance sheet of Dalex Co. Limited and its subsidiaries as at September 30, 1968, and the consolidated statements of profit and loss, earned surplus, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at September 30, 1968 and the results of their operations and the source and applications of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants

Toronto, Canada
January 9, 1969

Dalex Co. Limited *and its subsidiary companies*

Notes to consolidated financial statements

year ended September 30, 1968

1. (a) A subsidiary company is contingently liable for guarantees of payments on notes owing to finance companies by customers of the company in the amount of \$1,024,000.
(b) In addition, the subsidiary is contingently liable for the annual rental of \$13,000 to September 1974, under its guarantee of a lease on property rented by a major customer.
2. The book value of the equity of the company in the shares of National-Dalex Ltd. at September 30, 1968 amounted to \$72,972.
3. The bankers hold a general assignment of accounts receivable and a first floating charge debenture for \$800,000 as collateral against the amounts advanced.
4. A subsidiary company is committed to an annual rental of \$19,278 on its premises to November 30, 1970.
5. Income taxes have been reduced by approximately \$2,500 in 1968 (\$10,000 in 1967) as a result of the carry-forward of the losses of prior years subsidiary companies.
6. During the year the company purchased for cancellation three preference shares at an aggregate discount of \$25.

